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courage is contagious

Viewing cable 07MOSCOW5350, THE END OF YUKOS

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Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#07MOSCOW5350**.

Reference ID	Created	Released	Classification	Origin
07MOSCOW5350	2007-11-09 14:27	2011-08-30 01:44	CONFIDENTIAL	Embassy Moscow

Appears in these articles:

<http://www.mcclatchydc.com/2011/05/16/114269/wikileaks-cables-show-oil-a-major.html>

VZCZCXRO3003
PP RUEHDBU RUEHFL RUEHKW RUEHLA RUEHROV RUEHSR
DE RUEHMO #5350/01 3131427
ZNY CCCCC ZZH
P 091427Z NOV 07
FM AMEMBASSY MOSCOW
TO RUEHC/SECSTATE WASHDC PRIORITY 5173
INFO RUCNCIS/CIS COLLECTIVE PRIORITY
RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY
RUEHXL/MOSCOW POLITICAL COLLECTIVE PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY
RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 MOSCOW 005350

SIPDIS

SIPDIS

DEPT FOR EUR/RUS, FOR EEB/ESC/IEC GALLOGLY AND WRIGHT,
EUR/CARC, SCA (GALLAGHER, SUMAR)
DOE FOR HARBERT, HEGBORG, EKIMOFF
DOC FOR 4231/IEP/EUR/JBROUGHER
NSC FOR MCKIBBEN

E.O. 12958: DECL: 11/07/2017
TAGS: [EPET](#) [ENRG](#) [ECON](#) [PREL](#) [RS](#)
SUBJECT: THE END OF YUKOS

Classified By: Econ MC Eric Schultz for Reasons 1.4 (b/d)

SUMMARY

11. (SBU) In a November 7th meeting, Yukos receiver Eduard Rebgun told us the company will cease to exist as soon as the court acknowledges receipt of his final report, which he submitted November 2nd. Rebgun asserted that he had merely performed a professional duty to carry out a Russian court decision to liquidate a bankrupt company, and he was neither qualified nor interested in making any moral or legal judgments about the affair. He said the October 31st Dutch court ruling (related to Yukos Finance, a Dutch subsidiary, reftel) against Monte Valle, owned by Amcit Steve Lynch, is "Lynch's problem," but that he would be willing to help with pending appeals. Rebgun has filed his own appeal in the case, because he believes "the decision is wrong."

THE END OF YUKOS

12. (SBU) Eduard Rebgun, the court-appointed Yukos receiver in charge of liquidating the company recently announced that the process is complete. He confirmed to us in a November 7th meeting that he submitted his final report to responsible Russian court on November 2nd. When the court acknowledges receipt (he implied this is a formality and would occur very soon), Yukos Oil Company will officially cease to exist.

13. (SBU) Rebgun said the bankruptcy auctions brought in 877 billion rubles (approx. \$35 billion), out of which creditors were paid 873 billion rubles. According to Rebgun, 76 billion rubles (approx. \$3.1 billion) of creditor claims, most of which was owed to the tax authorities for minor taxes and fees, went unpaid. He said the 4 billion ruble (approx. \$160 million) difference between the revenues and payments of the proceedings was for expenses and fees for lawyers, consultants, accountants, etc. (N.B. Rebgun did not clarify how much of that was fees paid to him.)

"JUST CARRYING OUT A VALID COURT ORDER"

14. (SBU) Rebgun cited his experience as a prominent consultant to a variety of international companies and banks, including experience with other bankruptcies, as the reason he was appointed to manage this high-profile bankruptcy. Separating his role from the decisions that brought Yukos down, Rebgun emphasized that he was "just carrying out a valid court order." "If someone has a problem with the court decision on Yukos back-taxes or the court decision declaring Yukos bankrupt, they need to take that up with the courts." He added that he is not qualified to judge the court decisions because he does not know the facts, but said he trusts that Russian law was carried out properly.

YUKOS FINANCE "IS LYNCH'S PROBLEM"

15. (SBU) Rebgun said he believes the October 31st Dutch court ruling that challenged his authority to auction off a Netherlands-based Yukos asset, Yukos Finance, is wrong and he is appealing. However, he said his motives were a matter of principle, and because he is a "warrior," not because there is any legal consequence for him. (Note: The ruling effectively gave control of Yukos Finance to its former directors. Monte Valle, a company owned by American Steven Lynch and backed by Moscow- and Cyprus-based Renaissance Capital, had bought Yukos Finance at auction for about \$300 million. The Dutch court ruling casts doubt over the

ownership of this asset, which includes a 49% stake in Slovakia's oil pipeline company, Transpetrol -- see reftel. End note.)

16. (SBU) Rebgun said there is no provision to repay Monte Valle should it not be able to gain control of Yukos Finance.

"They knew quite well what they were buying," he said, referring to the risks involved. "This is Lynch's problem." He added, however, that he would, "as a professional, help Lynch with the case if he asks for it." He suggested Yukos Finance could be tied up in the courts for years. Rebgun also downplayed the significance of the case, noting that the \$300 million paid for the company was less than 1 percent of the bankruptcy proceeds.

COMMENT

17. (C) Rebgun is probably correct in calling the Yukos saga over, certainly with respect to its existence in Russia. That doesn't preclude continuing challenges in international courts. However, those challenges will ultimately deal with minor issues, like Yukos Finance. Any attempt to revive the company or reverse Russian court decisions would almost certainly be doomed to failure.
BURNS